

100930Z Jul 01

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ACTION EB-00

INFO	LOG-00	NP-00	AF-00	AID-00	CEA-01	CIAE-00	CTME-00
	INL-00	DODE-00	ITCE-00	DOYE-00	SRPP-00	EXME-00	EUR-00
	E-00	FAAE-00	UTED-00	VC-00	FRB-00	H-01	TEDE-00
	INR-00	ITC-01	LAB-01	L-00	VCE-00	AC-01	NSAE-00
	NSCE-00	OMB-01	OPIC-01	ACE-00	SP-00	IRM-00	SSO-00
	STR-00	TEST-00	TRSE-00	USIE-00	FMP-00	DRL-02	G-00
	NFAT-00	SAS-00	/009W				

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FM AMEMBASSY HARARE  
TO SECSTATE WASHDC PRIORITY 9275  
INFO SOUTHERN AFRICAN DEVELOPMENT COMMUNITY  
DEPTTREAS WASHDC  
USDOC WASHDC  
SECDEF WASHDC  
USDA FAS WASHDC 0008  
AMEMBASSY LONDON  
AMEMBASSY PARIS

UNCLAS HARARE 002117

SIPDIS

STATE FOR EB/IFD/OIA, AF/S, AF/EPS  
USAID FOR AFR/SA, BHR/FFP, BHR/OFDA

USDOC FOR 4510 HENDERSON  
STATE PASS USTR FOR ROSA WHITAKER  
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STATE PASS NSC FOR SENIOR AFRICA DIRECTOR JENDAI  
FRAZIER  
STATE PASS USAID FOR AFR/SA-PALMA, NEWMAN AND BHR/FPP  
LONDON FOR CGURNEY  
PARIS FOR BWILLIAMS  
PRETORIA FOR AG ATTACHE RHELM  
NAIROBI FOR REDSO/ESA/ARO-GGOTTLIEB AND ESA/FFP  
USDA FAS FOR EXPORT CREDITS/CHAMBLISS AND FAA/AME  
HOFFMAN  
TREASURY FOR OASIA/ED BARBER AND C. WALKER  
STATE PASS EXIM/MLHALEY, OPIC/RNEHRA

E.O. 12958: N/A  
TAGS: EAGR EAID EFIN ECON ZI  
SUBJECT: EXPECTED FOOD SHORTAGE ACKNOWLEDGED BY A  
CABINET MEMBER

11. (SBU) ON JULY 6 THE MINISTER FOR FINANCE AND ECONOMIC DEVELOPMENT, SIMBA MAKONI, TOLD THE PRESS FOLLOWING AN ADDRESS HE DELIVERED TO THE NATIONAL ECONOMIC CONSULTATIVE FORUM THAT HIS MINISTRY'S GOOD BUDGET RESULTS TO DATE FOR 2001 SHOWING A SMALL SURPLUS WERE THREATENED BY THE NEED TO SET ASIDE FUNDS TO IMPORT GRAIN AND MAIZE LATER IN THE YEAR. "THAT THERE WILL BE A SHORTAGE IN NATIONAL (FOOD) PRODUCTION HAS BEEN CONFIRMED. THE DISCUSSION IS IN THE MAGNITUDE", HE SAID. "I AM VERY CONCERNED BECAUSE OUR BUDGET HAS NOT PROVIDED FOR FOOD IMPORTS", MAKONI ADDED. THE FINANCE MINISTER ALSO STATED THAT THE GOVERNMENT WOULD APPROACH DONORS TO DISCUSS POSSIBLE ASSISTANCE THEY COULD OFFER IN THE FACE OF THE LOOMING FOOD SHORTFALL.

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12. (SBU) THIS MARKS THE FIRST TIME A HIGH GOVERNMENT OFFICIAL HAS PUBLICLY CONTRADICTED THE LINE MAINTAINED BY AGRICULTURE MINISTER MADE, THAT THE COUNTRY FACES NO FOOD DEFICIT OR SHORTFALL, AND THAT CURRENT STOCKS AND THE HARVEST WILL SUFFICE. IT ALSO FOLLOWS THE DECISION BY THE AGRICULTURE MINISTER ON JULY 3 TO GIVE THE GRAIN MARKETING BOARD A TOTAL MONOPOLY OVER ALL MAIZE SALES, DECLARING ALL CORN HARVESTED IN ZIMBABWE A "NATIONAL ASSET", EFFECTIVELY HALTING ALL PRIVATE SALES BETWEEN GROWER AND, FOR EXAMPLE, MILLERS OR OTHER WHOLESALE USRS. (MAIZE SALES WERE LIBERALIZED IN THE EARLY 990'S AFTER A WORLD BANK AND USAID FUNDED MARKET REFORM PROGRAM, AND THE SETUP OF THE ZIMBABWE AGRICULTURAL COMMODITY EXCHANGE (ZIMACE).) IT IS, IN THE WORDS OF A FOOD SECURITY EXPERT BASED HERE, A GIANT STEP BACKWARD" FOR ZIMBABWE'S AGRICULTURAL SECTOR AND THE CONSUMER AS WELL, AND IT MAY VERY WELL COMMIT THE COUNTRY TO A LEGACY OF FOOD SHORTAGES IN COMING YEARS.

13. (SBU) COMMENT: DESITE REPEATED GOVERNMENT ASSURANCES TO THE CONTRAY, OUR ANALYSIS SUPPORTS MINISTER MAKONI'S CONTECTIONS REGARDING THE LIKELIHOOD OF POTENTIALLY SERIOUS FOOD SHORTAGES OVER THE COMING YEAR(S). MOROVER, THE RE-MONOPOLIZATION OF THE DOMESTIC GRAIN TRADE WILL LIKELY EXACERBATE THESE PROBLEMS IF URSUED FOR ANY LENGTH OF TIME. HOWEVER, AS WE'V RECENTLY SEEN WITH DEVALUATION, IT REMAINS TO BE SEEN WHETHER THIS GOVERNMENT WILL ACT ON MAKONI'S COUNSEL IN THIS INSTANCE, AS THIS WOULD ONLY ADD O THE UNCLASSIFIED

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GROWING LIST OF GOVERNMENT FAILURES. IF RQUESTED, DONOR SUPPORT WOULD PROBABLY BE FORTHCOING FOR SUCH HUMANITARIAN PURPOSES. HOWEVER, SUCH ASSISTANCE WOULD NOT COME WITHOUT POTENTIALLY DFFICULT CONDITIONALITY FOR THE GOVERNMENT DURINGTHIS SENSITIVE ELECTION PERIOD, INCLUDING, AMONGOTHER THINGS, A FULL WAIVER FROM THE PROPOSED BA ON PRIVATE GRAIN TRADING FOR OBVIOUS POLITICAL REASONS. END COMMENT.

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